Second, even if new technologies are available, they are neither free of charge nor commercial-free as are noncommercial broadcast stations. Cable and DBS do not offer commercial-free programming (except for pay-per-view), and advertising is prominent, sometimes intrusive, on the Internet. Moreover, customers must pay for these services. Basic cable in the Pittsburgh area costs, at a minimum, $30 a month, DBS subscription costs at least $20 per month, and broadband Internet access, where available, carries fees of at least $40 per month.

Third, these new technologies offer little, if any, additional locally originated or oriented content. The Pittsburgh Cable News Channel is part-owned by television station WPXI-TV. The only local programming offered by DBS is retransmission of local broadcast signals. A recent study indicates that the Internet does not provide an adequate, additional source of local news and information to communities.[101] Nor does DTV currently offer local programming. The digital transition has stalled, and most consumers do not own or have access to DTV equipment.[102] Indeed, at a recent hearing before the Senate Commerce Committee, several broadcast industry professionals were unable to agree on the reality of having digital penetration by 2006.[103]

---

[101] *See* Children's Partnership, Online Content for Low-income and Underserved Americans: The Digital Divide's New Frontier, at 4 (Mar. 2000).

[102] *See* Broadcaster Fear Difficulties in Meeting 2001 DTV Deadline, Warren's Cable Regulation Monitor, Apr. 30, 2001; Doug Halonen, Digital Transition Slowing Bit by Bit; Broadcasters Seek Relief from FCC Transmission Rules, Electronic Media, July 23, 2001, at p. 8.

[103] *See, e.g.,* Federal Aid in Expanding Entreprenuership: Hearing on the Subject of the Transition to Digital Television (DTV) Before the Senate Commerce Committee, 106th Cong. (2001) (statement of Dr. Joseph S. Kraemer, Director, LEGC, Inc.) (testifying that the "transition to digital could take all or most of the next two decades . . .")("March 2001 Senate Commerce DTV Hearing"); March 2001 Senate Commerce DTV Hearing (statement of Thomas W. Hazlett, Ph.D., Resident Scholar, American Enterprise Institute for Public Policy Research) (testifying that "no one seriously believes that analog broadcasting will go dark in 2006 . . ."); March 2001 Senate Commerce DTV Hearing (statement of Richard M. Lewis, Senior Vice President, Research and Technology, Zenith Electronics Corporation) (testifying that "we at Zenith continue to believe that the 2006 deadline for effecting the digital conversion remains theoretically achievable . . .").

FCC chair Michael Powell has acknowledged the 2006 deadline to be "unrealistic"[104] and former chair Bill Kennard has estimated that DTV conversion will take longer than the 22 years it took color TV to achieve the 85 percent penetration required by law.[105] WBGH-TV's David Liroff advises that "it will be ten years before DTV receivers can be found in 30 percent of households."[106] Thus, WQED is promising its viewers that Channel *16 will be replaced by a service that professionals know to be many years down the road.

QED contends that new media, including video streaming, have also replaced the need for public television in classroom instruction.[107] However, industry leaders and investors continue to recognize the inadequacy of streaming video as a substitute for over-the-air broadcast television.[108] Moreover, despite QED's claims otherwise, Channel One does not adequately replace the role of public TV.[109] Channel One is a commercial service to schools that provides a twelve minute current affairs show with two minutes of commercials. A study by Vassar College and Johns Hopkins University found that only 20% of air time is devoted to coverage of "recent, political, economic, social, and cultural stories" and the remaining 80% is spent on advertising, most of which is for junk food and video games; sports, weather, and Channel One promotions.[110] QED's arguments here further demonstrate how far QED has drifted from its roots in serving the public.

In the last analysis, none of these media provide the necessary space for full public discussion of issues confronting the community that is an essential part of the public

---

[104] Doug Halonen, *Another Way to Free Up Frequencies*, Electronic Media, Sep. 24, 2001, at 20.
[105] Doug Halonen, *FCC Fee a Low-power Missile?*, Electronic Media, Oct. 16, 2000, at 1 & 30.
[106] David B. Liroff, On the Eve of DTV, Public TV Is Not Yet Ready to Cope, Current, Nov. 1997, at 20.
[107] *Petition* at 28.
[108] *See* Ken Kerschbaumer, *Streaming Media: Getting It All Together*, Broadcasting & Cable, Dec. 10, 2001, at 36.
[109] *Petition* at 28.
[110] *See* William Hoynes, *News for a Captive Audience, an Analysis of ChannelOne* (visited Dec. 17, 2001)<http://www.fair.org/extra/9705/ch1-hoynes.html>.

broadcasting mission. Worse, WQED itself has shown no interest in such local service programming on Channel *13. What is needed is a second service channel that would compensate for the limitations of Channel *13 and give the people of Pittsburgh the medium for community education that is so sorely needed.

V. THERE IS A COMPELLING NEED FOR A SECOND NONCOMMERCIAL STATION THAT OVERRIDES ANY PERCEIVED NEED FOR YET ANOTHER COMMERCIAL STATION.

The Commission has requested comment on whether the Pittsburgh region's need for two noncommercial educational television channels is outweighed by the need for another commercial television. The Commission, citing decades of strong precedent, has *already* decided this issue in its *1996 Order*, in which it found that dereservation of WQEX is not in the public interest.[111] To date, QED has presented nothing to change the Commission's conclusion Moreover, dereservation of WQEX would have broad negative consequences, critically undermining the integrity of the reservation allotment scheme by encouraging NCE licensees that operate two or more stations to remove unique resources from the public and auction them off as commercial licenses for a private financial windfall.

A. Public Opinion Strongly Favors a Second Noncommercial Educational Channel.

The large number of letters and emails from members of the public demonstrates that there is a need for a second noncommercial educational channel in the Pittsburgh area. The Commission has received at least 900 letters and emails from members of the Pittsburgh community opposing the loss of WQEX to a commercial broadcaster. In addition, approximately 1400 Pittsburgh citizens signed the "Petition to Save Pittsburgh Public Television" opposing both WQED's simulcasting and proposed sale of WQEX and demanding

---

[111] *1996 Order* para. 27.

that WQEX be "preserved for noncommercial educational broadcasting."[112] The letters and emails from members of the Pittsburgh community express dissatisfaction with the duplicative programming on WQED and WQEX and strongly support a return to the alternative, culturally diverse programming formerly provided by WQEX. For example, Pittsburgh citizen Dr. Robert Frederking wrote that WQED's current programming schedule "misses a large segment of the population," and "Channel 16, with its broader emphasis on community-oriented programming and alternative points of view, filled that void . . . ."[113] Indeed, many Pittsburgh citizens wrote that WQEX once served a "vital" role in the community and expressed displeasure that WQEX's local programming had been displaced by WQED programs that consist largely of "the national feed."[114]

The letters also indicate that Pittsburgh residents overwhelmingly oppose the sale of WQEX to a commercial licensee because the community has no need for further commercial programming.[115]

B. WQED Should Not Hold a Monopoly on Educational Programming.

Throughout its Petition, QED falsely implies that all of the educational programming needs of the Pittsburgh area can be served by WQED -- and only WQED -- and that the public

---

[112] *See* Letters from Matthew Cone to the FCC (Feb. 10, 2001, and May 7, 2001) (enclosing signed petitions).
[113] Letter from Robert Frederking (Dec. 10, 2001); see also Letter from Ann Sutherland Harris, University of Pittsburgh professor, to Chairman Powell (Feb. 13, 2001) (stating that Pittsburgh's large academic community needs diverse, local programming formerly found on WQEX); Letters from Antje Price and Robert Clark, quoted supra, n.14.
[114] *See, e.g.*, Letter from Neil Harris to FCC Commissioners (Nov. 14, 2001).
[115] *See, e.g.*, Letter from Jean Croushore to Chairman Powell (April 4, 2001) ("We don't need still another commercial station. . . We need alternative, community responsive public broadcasting returned to channel 16"); Letter from Patrick Craig (Nov. 26, 2001) (Pittsburgh "already has more than enough commercial channels. . .All networks with the exception of PAX are represented and the relative value of PAX vs. a true community station is obvious").

interest is synonymous with WQED's narrow self-interest. If that proposition were true, members of the public would not find it necessary to file comments with the Commission requesting another noncommercial educational alternative to WQEX's simulcasted programming. Members of the Pittsburgh region have asked for programming that could be provided by Pittsburgh Educational Television and others.

European countries each have two or three separate public television services. While, the U.S. has only one national service, almost three-fifths of Americans have access to two or more public television channels. There are twenty-nine major markets where station signals "substantially" overlap and forty markets with some degree of overlap. This provides an opportunity for viewers to get a greater diversity of cultural and public interest programming than if they were confined to the one local station. Unfortunately, the Pittsburgh market is not served by any noncommercial educational stations other than WQED and WQEX. To make matters worse, for the past four years WQEX has merely been simulcasting the WQED signal. This is a tragic waste of a public resource. Three cable systems in the greater Pittsburgh area have even cancelled WQEX because of this duplication.

Managers of the large market stations have been hostile toward their typically smaller and newer colleagues. They have long complained about secondary stations paying less for industry programming, fragmenting their audiences, and competing for their subscriber dollars. In 1989, PBS commissioned a systematic evaluation of the question. Surprisingly, researchers found duplication of programming to be "very low." In a composite week, an average of 85 percent of all programs were shown on only one station, and even "additional airing of a program brought in almost a totally new audience." Not only did viewers not see program duplication as a problem, they often appreciated the opportunity to see a program on one station that they might have missed on another. More importantly, the researchers found secondary station program schedules to be "more diverse" and secondary station managers "to be more responsive to local audience needs." In fact, they concluded, "secondary stations appear to have remained more faithful to the vision of service to local communities through diverse program offerings [as] advocated by the 1967 Carnegie Commission."[116] Thus, it is clear that Pittsburgh continues to need a second noncommercial educational station.

VI. IF THE COMMISSION DERESERVES CHANNEL *16, IT MUST OPEN THE CHANNEL TO COMPETING APPLICATIONS

For the foregoing reasons, CIPB/APA strongly urge the Commission to deny QED's request to dereserve Channel *16. Should the Commission nonetheless determine that dereservation serves the public interest, its rules and precedents as well as sound policy require that the Commission allow competing applications to be filed for the newly dereserved channel, and, if competing applications are filed, award the license by means of competitive bidding.

A. Precedent Requires Newly Dereserved Channels to be Made Available to Competing Applications.

In the *Notice*, the Commission notes that its rules require newly dereserved channels to be made available for competing applications.[117] An exception in this case would not serve the public interest because it would contravene the FCC's well-established policy of promoting competition. Indeed, the rules requiring newly dereserved channels to be made available for competing applications have been in effect for nearly fifty years. In adopting the Television Table of Allotments in 1952, the Commission required rulemaking proceedings "for changing the status of a channel reserved for noncommercial educational stations to a channel available for commercial applicants."[118] The Commission further stated that a noncommercial educational station seeking to operate commercially must "file an application for a new license, *in*

[116] John Fuller and Sue Bomzer, Anything You Can Do, I Can Do Better: Friendly and (Not So Friendly) Competition in the PTV Overlapped Markets, PBS Research Department, June 19, 1990.
[117] *Notice* para.12.

competition with any others who may seek the channel."[119] This language indicates that once the Commission dereserves a channel, it must allow competing applications to be filed.

Nonetheless, the Notice asks whether waiving the rule in this case would serve the public interest.[120] Making an exception here would be inconsistent with the Commission's commitment to promote competition in all communications markets to enhance efficiency and advance the public interest.[121] The Commission has also spoken strongly in favor of competition in the context of spectrum allocation, noting, "It is important that the Commission move from its traditional spectrum management paradigm of "command and control" to a paradigm of market-oriented allocation policy. . . so that spectrum can be put to its highest and best use."[122] The Commission, then, certainly recognizes the inherent benefits in entertaining competing applications for newly available commercial Channel 16.

QED's argument that Channel 16 should not be opened to competing applications because the channel is occupied is without merit.[123] Both cases relied on by QED, *Buffalo* and

---

[118] Amendment of Section 73.606 of the Commission's Rules and Regulations, 41 FCC 148, 212 (1952) (*Sixth R & O*).
[119] *Id.* at 212, n.51 (emphasis added).
[120] *Notice* para. 12.
[121] *See, e.g.,* Remarks of Chairman Powell at the Association for Local Telecommunications Services, November 30, 2001, at <www.fcc.gov> (stating that the Commission has in 2001 "reaffirmed our unwavering commitment to competition"); Remarks of Chairman Powell at Press Conference, "Digital Broadband Migration," October 23, 2001, at <www.fcc.gov> (recognizing that the "1996 [Telecommunications] Act spoke loudly in favor of a competitive environment" and stating that the Commission is "resolutely committed to competition")("*Press Conference Remarks*").
[122] Press Conference Remarks, October 23, 2001.
[123] *See Petition* at 8 n.11, citing Amendment of Section 73.606(b), Buffalo, New York, MM Docket No. 98-175, *Report and Order,* 14 FCC Rcd 11856 (1999), *recon., Memorandum Opinion and Order,* 16 FCC Rcd 4013 (2000), *aff'd sub nom.*, Coalition for Noncommercial Media v. FCC, 249 F.3d 1005 (2001)(*"Buffalo"*) and Amendments to the Television Table of Assignments to Change Noncommercial Educational Reservations, MM Docket No. 85-41,

Intraband, allowed an occupied reserved channel to switch with an occupied commercial channel, without accepting competing applications. Thus, there was no loss of a reserved channel or the gain of a commercial channel.[124] In contrast, no swap of occupied channels is proposed here. Instead, QED's proposal would lead to the loss of a reserved channel and addition of yet another commercial channel. Moreover, instead of ending up with the same two licensees operating on different channels, grant of QED's proposal would let a third party, who does not occupy a license in Pittsburgh, to obtain a commercial license without going through competitive bidding as required by law. Consequently, the Commission should adhere to its long-standing rule and allow competing applications in this case.

Allowing for competing applications would also accord with Congress' intent to use competitive bidding procedures in awarding commercial broadcast licenses.[125] Congress, through the Balanced Budget Act of 1997, amended the Communications Act of 1934 to require the Commission to grant licenses or permits through a system of competitive bidding "if mutually exclusive applications are accepted for any initial license or construction permit."[126]

If Channel *16 is dereserved, it will be available for commercial applications for the first time and will thus be an "initial" license subject to competitive bidding under Section 309(j)(1).[127] Opening up Channel 16 to competition advances the public interest objectives Congress directed the Commission to consider in designing systems of competitive bidding.[128]

Report and Order ,59 RR 2d 1455 (1986), *aff'd sub nom.*, Rainbow Broadcasting Co. v. FCC, 949 F.2d 405 (D.C. Cir. 1991)("*Intraband*").

[124] *See Buffalo* para 13; *Intraband* para. 26.

[125] *See* 47 USC 309(j)(1).

[126] *Id*; Pub. L. No. 105-33, Title III, 111 Stat. 251 (1997).

[127] *See* H.R. Rep. No. 103-111, at 253 (excluding renewal licenses from auction process because previously available for application).

[128] *See* 47 USC §309(j)(3).

These objectives include: "promoting economic opportunity and competition. . . by disseminating licenses among a wide variety of applicants" and "recovery for the public a portion of the value of the public spectrum resource made available for commercial use and avoidance of unjust enrichment through methods employed to award uses of that resource."[129] Opening up the Channel 16 license to competing applications would promote competition, allow numerous applicants to vie for use of what was formerly reserved spectrum, and recover the value of the spectrum by depositing auction proceeds in the U.S. Treasury to be used for the public good.[130]

Permitting Channel 16 to be awarded by auction would also be consistent with the Commission's rules mandating use of competitive bidding procedures for certain major amendments to nonreserved television applications, including requests for change in frequency or community of license.[131] Dereservation of a reserved educational channel is a substantial change in a station's character and influence that profoundly affects other community broadcasters and the viewing public. Dereservation is therefore akin to the major changes for which Commission rules command competitive bidding, and the dereservation of Channel *16 should likewise be subject to this process.

---

[129] *Id.*

[130] QED's musing that it may use the sale proceeds to enhance its own services is not a guarantee or enforceable promise. *See Petition* at 32. Allowing WQEX to be transferred to Shooting Star without holding an auction could lead to unjust enrichment as Shooting Star would be free to sell the "bargain" license for a profit. Auctioning Channel 16 would elicit bids initially reflective of the station's true marketplace value instead of that determined through private contract and will prevent a windfall to a third party at the public's expense. *See* H.R. Rep. No. 105-149, at 558 (stating that auctions "ensure that licenses are assigned to the entity that most values the frequencies" and enable consumers to "enjoy the benefits of new and improved services that are offered in a more price-competitive marketplace").

[131] *See* 47 CFR § 73.3572(a) & (c).

B. Limiting Potential Applicants to Shooting Star is Not Consistent With Precedent and Would Not Serve the Public Interest.

No "unique public interest considerations" exist in this case that warrant a waiver of the rule requiring competing applications.[132] No precedent exists for limiting potential applicants' ability to apply for a channel where doing so would result in the elimination of noncommercial educational station. Indeed, the Commission explicitly distinguished the Pittsburgh case from those channel exchanges that permit a waiver of competing applications. In distinguishing the Pittsburgh Channel *16 case from *Buffalo*-type "swaps," the Commission stated:

> These cases. . . differ from situations in which there are two commonly owned public stations in a market operating on reserved channels, such as the case involving two Pittsburgh noncommercial stations . . . [T]he situations differ from the instant case principally because this case involves no loss of a reserved channel, whereas [those cases] would result in the loss of a reserved channel in the community, a result heavily disfavored by our policies.[133]

Commission precedent thus does not allow foreclosure of competing applications here.

Likewise, public interest considerations do not permit a waiver of Commission rules' commitment to competitive application processes. The Commission has only waived the *Sixth Report and Order*'s policy requiring competitive applications in very limited special circumstances. Neither case cited in the *Notice* provides grounds for departing from the FCC's rules in this instance. Unlike *Malrite of New York*,[134] where the Commission did not open the new channel to competing applications only because "competing applications could not have

---

[132] *See Notice* para.12.

[133] *See Buffalo* (approving Buffalo licensee of Channel 17 and Channel *23 proposal to amend Table of Allotments to reflect Channel 17 as reserved for noncommercial educational use and Channel *23 as nonreserved); *see also Intraband* (approval of policy permitting intraband channel exchanges without opening newly dereserved stations to competing applicants rested on the contingency that the "number of reserved and unreserved channels available to provide service to a given community will remain the same").

been granted under existing international agreements," no international obligations exist limiting the potential applicants to one party.[135]

Nor does the *Storer*[136] case provide any basis for the excluding all competing applications. In *Storer*, the Commission restricted licenses to those who had not exceeded certain ownership limits to further the public interest in avoiding over-concentration of broadcasting facilities, a consideration absent from the Pittsburgh Channel *16 situation.[137] In fact, the rule in *Storer* actually fostered competition by limiting the qualified applicants by virtue of their pre-existing ownership. In contrast, QED here seeks to impose a blanket restriction that eliminates all potential applicants but the one selected by QED.

Moreover, using a Section 316 license modification to support Channel *16's dereservation and private transfer to Shooting Star would also be inconsistent with precedent and would not serve the public interest. The FCC has never used Section 316 to facilitate the complete removal of a noncommercial educational reservation and foreclosure of competing applications.[138] QED's reliance on the use of Section 316 in the context of channel exchanges is misplaced because such exchanges do not result in the loss of a noncommercial educational

---

[134] Malrite of New York, Inc. WNYR, Rochester, New York, File No. BP-820408AB, *Memorandum Opinion and Order*, 56 RR 2d 829 (1984).
[135] *Id.* para. 7.
[136] Storer Broadcasting v. FCC, 351 U.S. 192 (1956).
[137] *Id.* at 205-206.
[138] The majority of license modifications under Section 316 have been Commission-initiated actions, and the Commission uses its 316 authority sparingly; many Commission decisions involve denying stations' attempted reliance on Section 316 when their licenses are "modified" by the Commission. *See, e.g.*, Aircell, Inc., *Memorandum Opinion and Order*, 15 FCC Rcd 9622 (2000) (holding that granting waiver to operate airborne cellular system did not modify other carriers' licenses under Section 316); WKLX, Inc., No. BLH-880506KB, *Memorandum Opinion and Order*, 6 FCC Rcd 225 (1991) (holding grant of FM application did not constitute indirect modification of another station's FM license under Section 316).

station, as would Channel *16's dereservation.[139] The Commission has used Section 316 to waive competing applications only to gain public benefits *not otherwise achievable*, and in situations so unique the Commission in those contexts *amended its rules*.[140] However, QED's license modification will not provide any benefit or service not otherwise available through the consideration of competing applications, and the public interest is better served by adhering to the Commission's established rules promoting competition.

---

[139] See Petition at 8.

[140] *See* Amendment of the Commission's Rules Regarding Modification of Fm Broadcast Licenses to Higher Class Co-channel or Adjacent Channels, MM Docket No. 85-313, *Report and Order*, 60 RR 2d 114 para. 16 (1986) ("*License Upgrading Order*") (amending 47 CFR § 1.420(g) because "modifications. . . make possible the expeditious provision of expanded radio service which would otherwise likely remain unrealized"); Amendment of the Commission's Rules Regarding Modfication of FM and TV Authorizations to Specify a New Community of License, MM Docket No. 88-526, *Report and Order*, 4 FCC Rcd 4870 para. 24 (1989), *recon. granted in part*, *Memorandum Opinion and* Order, 5 FCC Rcd 7094 (1990) (amending 47 CFR 1.420(i) and stating the "public interest in making available such otherwise unavailable improved service outweighs any concern that an applicant more qualified . . . may exist").

VII. CONCLUSION

Commission approval of WQED's Petition to Dereserve will signal as many as 70 other public stations that mismanagement is rewarded and that dereservation is a solution for cash flow problems that lay elsewhere. Far from aiding the cause of competition and market values, a dereservation for WQED would reward wasteful mismanagement, spare the corporation from having any competition for public television viewers, and give it an advantage in competing with commercial broadcasters in producing and distributing what is fundamentally commercial programming. WQED Pittsburgh, Inc. may have lost sight of the fundamental goals of noncommercial educational broadcasting, but the Commission should remain stalwart in preserving the values underlying this time-honored expression of the public interest. For the reasons discussed herein, the Commission should deny WQED's petition to dereserve Channel *16.

A.J. Campbell

ALLIANCE FOR PROGRESSIVE ACTION

Angela J. Campbell
Amy R. Wolverton
Georgetown University Law Center,
Institute for Public Representation
600 New Jersey Avenue, N.W., Suite 312
Washington, D.C. 20001

Its Attorneys

Harry Malone

CITIZENS FOR INDEPENDENT PUBLIC BROADCASTING - PITTSBURGH

Angela J. Campbell
Amy R. Wolverton
Georgetown University Law Center,
Institute for Public Representation
600 New Jersey Avenue, N.W., Suite 312
Washington, D.C. 20001

Jeffery M. Karp
Harry N. Malone
Wendy M. Creeden
Swidler Berlin Shereff Friedman , LLC
3000 K Street, N.W., Suite 300
Washington, D.C. 20007

Attorneys for Citizens for Independent Public Broadcasting - Pittsburgh

Dated: December 18, 2001

EXHIBIT A

Paul R. Flora, A Historical Review of Pittsburgh's Economic Climate in which QED Operates

Paul R. Flora Resume

A Historical Review of Pittsburgh's Economic Climate in which QED Operates

December 2001

Paul R. Flora,
Regional Economist

The Historic Context:

- Pittsburgh's economic prospects were characterized as early as the 1930s by Glenn McLaughlin, a Pittsburgh business economist, as an economy faced with slow growth due to the domination by old, mature industries. (1.)
- He suggested that the slow growth he had documented since 1910 would continue absent structural changes to the economy. World War II and the subsequent economic boom held the worst realization of his prediction at bay, but in time economic trends and subsequent research efforts supported his original theory.
- Given those early warnings, and many subsequent ones, Pittsburgh's economic fortunes should have come as no surprise. However, people choose to believe what they wish. Misperceptions of economic trends and false expectations of economic possibilities is a common problem with people believing in too rosy, or too blue scenarios. (2.)
- What did QED understand or choose to believe while formulating their plans?

1. Glenn E. McLaughlin, Growth of American Manufacturing Areas: A Comparative Analysis with Special Emphasis on Trends in the Pittsburgh District, (Pittsburgh, PA: University of Pittsburgh, Bureau of Business Research, 1938), pp. 337-340.
2. Paul R. Flora, "Painting By Numbers: A rosy portrait of the local economy is too optimistic" a Pittsburgh Post-Gazette editorial (February 24, 1998).

Local Responses:

- During the first 50 years after McLaughlin issued his warning, responses and timing varied. Pollution control, flood control and downtown urban redevelopment were begun in the 1940s in recognition of the need to accommodate a different economic base in the Pittsburgh region.
- By the 1970s, steel workers and steel management appear to have entered into a Faustian bargain — steel workers received generous wage increases and a no lock-out agreement; management received a no-strike agreement and a disincentive to reinvest in aging plant and equipment. (1.) The consequences — excess wages and excess profits — did not help the industry survive.
- How QED responded to changing economic conditions prior to the mills closing in 1982 and after, I leave to others to judge.

1. John P. Hoerr, And the wolf finally came: The Decline of the American Steel Industry, (University of Pittsburgh Press, 1988), see chapter 5.

Citing Ralph Bangs, QED asserts that:

"This [industrial] shift led workers to migrate from the northeast to the south and west, and left Pittsburgh with an outdated industrial base, a reduced labor force, and no 'export-oriented' businesses needed to spur growth in the region.

- In fact, the citation refers to an executive summary of Chapter 2, Industrial Change in Pittsburgh, written by Sabina Dietrick.
- In the executive summary of her report, Dr. Deitrick documents the facts:
  - that the Pittsburgh region grew from 1986 to 1995,
  - that from 1986 to 1990 growth was about equal to the U.S., and
  - that the slow relative growth from 1990 to 1995 was due, in part, not to an absence of any export industries, but to an insufficient formation of new export industries to complement those that remained.

The text of Dr. Sabina Deitrick states (*emphasis* added):

- Private sector *employment in the Pittsburgh region increased by 11.6%* from 1986 to 1990, which was *about equal to US growth* of 12.1%.
- Private sector employment growth was much less in the region than in the US from 1990 to 1995. *Growth in the region was 3.3%*, while US growth was 7.3%.
- *Slow relative growth is occurring* in the region in the 1990s because the region had developed during the prior century a highly specialized manufacturing economy, the region had more decline in the 1970s and 1980s in its specialized industries than did most other regions of the country, and *no new agglomerations of export-oriented industries have formed sufficiently to accelerate the region's growth* while such growth agglomerations still exist or have formed in many other regions.
- Among export industries that are sources of regional growth and agglomeration in the US, the Pittsburgh region currently specializes in intellectual capital industries, i.e., those with a high proportion of high wage, nonproduction occupations.
- While the region's rate of job growth in intellectual capital industries equaled the national rate from 1986 to 1990, the region's rate fell substantially below the national rate for 1990 to 1995.
- Four intellectual capital industries are specialized in the region and had job growth from 1986 to 1990 and from 1990 to 1995: measuring and controlling devices, financial holding offices, management and public relations, and colleges and universities.
- Shift-share analysis of major industry categories showed that finance, insurance, and real estate (FIRE) was the only sector to increase employment share in the region relative to employment share in the nation from 1990 to 1995.

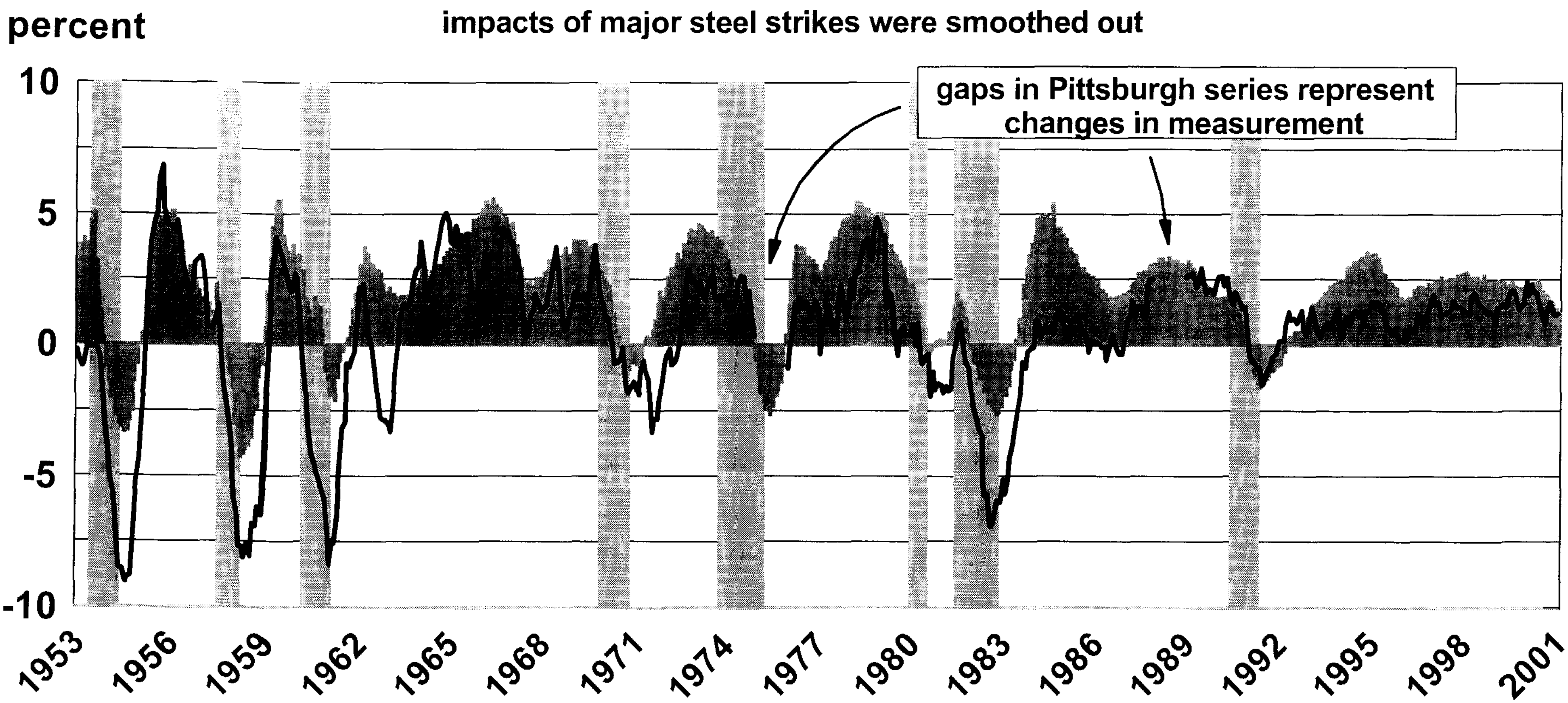
Source: Ralph L. Bangs, ed. "Executive Summary" in The State of the Region Report: Economic, Demographic, and Social Conditions in Southwestern Pennsylvania, (University Center for Social and Urban Research, September 1999) at www.pitt.edu/~ucsur/ SORsummary.htm

QED makes the mistake of equating slow growth with decline. In fact, with few exceptions the Pittsburgh economy grows whenever the U.S. economy grows.

Total Nonagricultural Employment

Pittsburgh Region (line) and United States (in gray bars)

year over year change of monthly data (recessions shown as light gray shaded areas)
impacts of major steel strikes were smoothed out



QED asserts that:

"Pittsburgh's decline [sic] over the last forty years as a center of industry, commerce and population is unique in its severity, and has fundamentally (and permanently) altered the ability of the city and its surrounding areas to support both WQED and WQEX."

In fact,

- The economic shock Pittsburgh experienced in the early 1980s was severe.
- Pittsburgh was, arguably, hit harder by the 1982-83 recession than any other large metropolitan area in the United States.
- Pittsburgh's population has declined over an extended period of years relative to other metro areas,

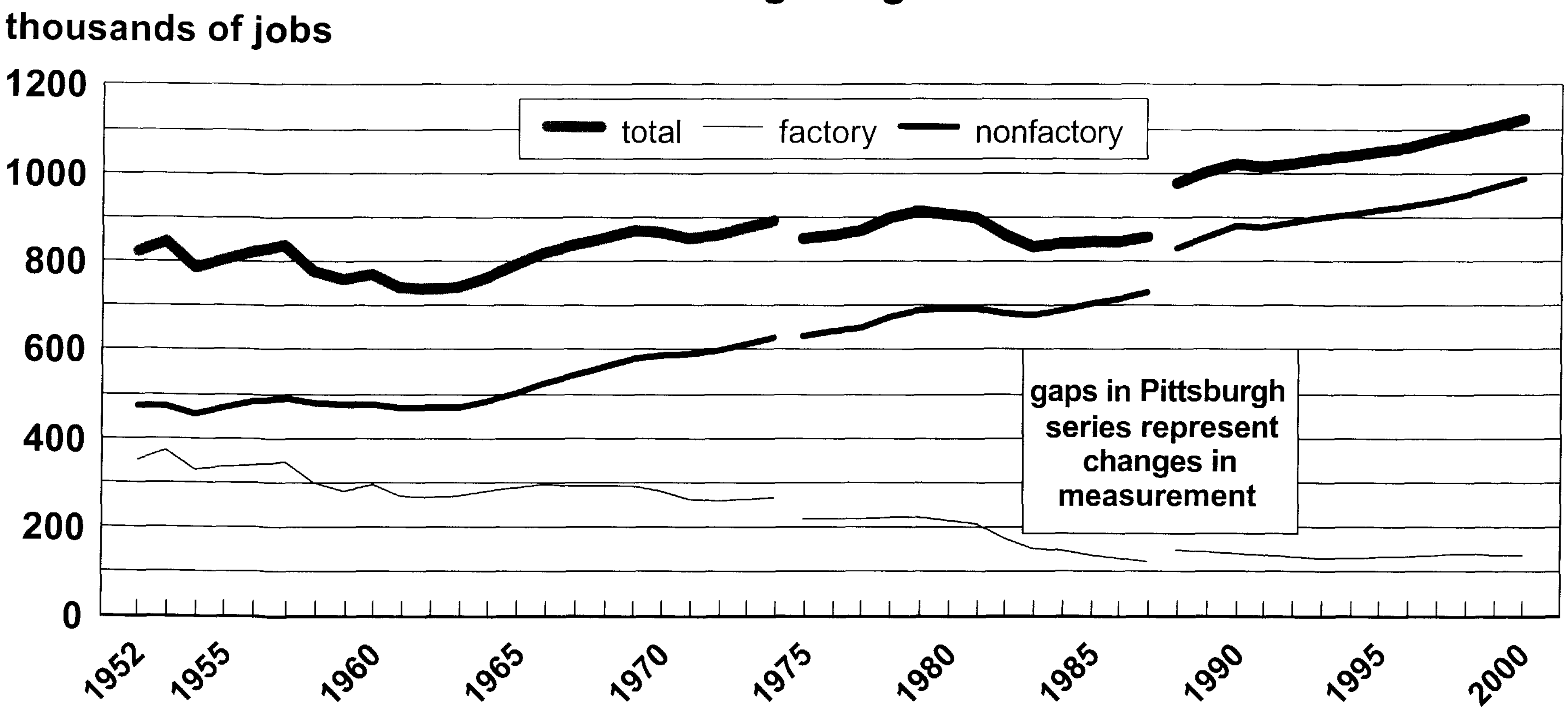
but . . .

. . . unemployed people make poor philanthropists; Pittsburgh today has more people employed than ever before.

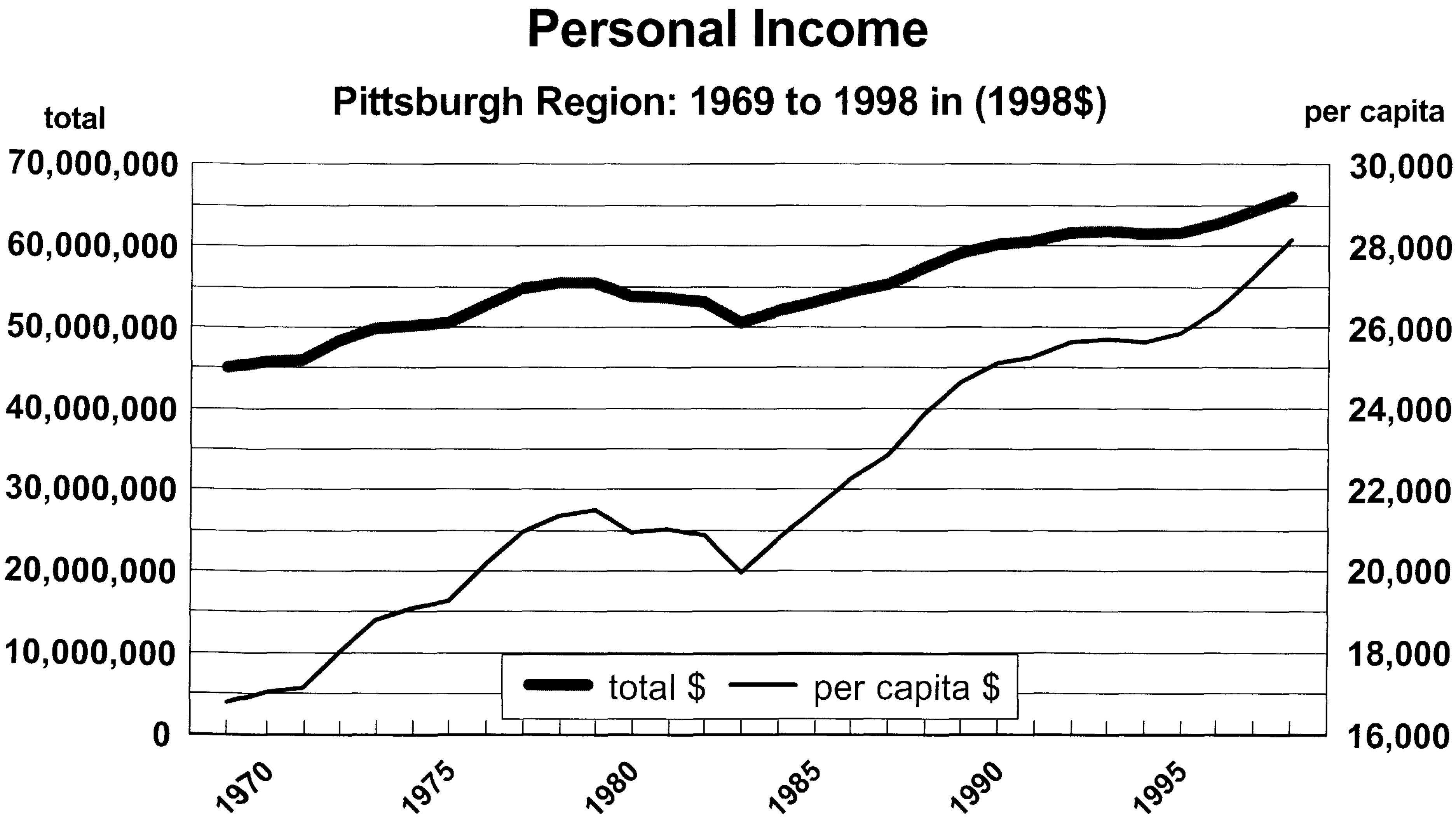
Nonagricultural Employment

Total, manufacturing and nonmanufacturing

Pittsburgh Region



. . . and the Pittsburgh region enjoys a higher level of total real income and of real per capita income than ever before.



QED asserts that:

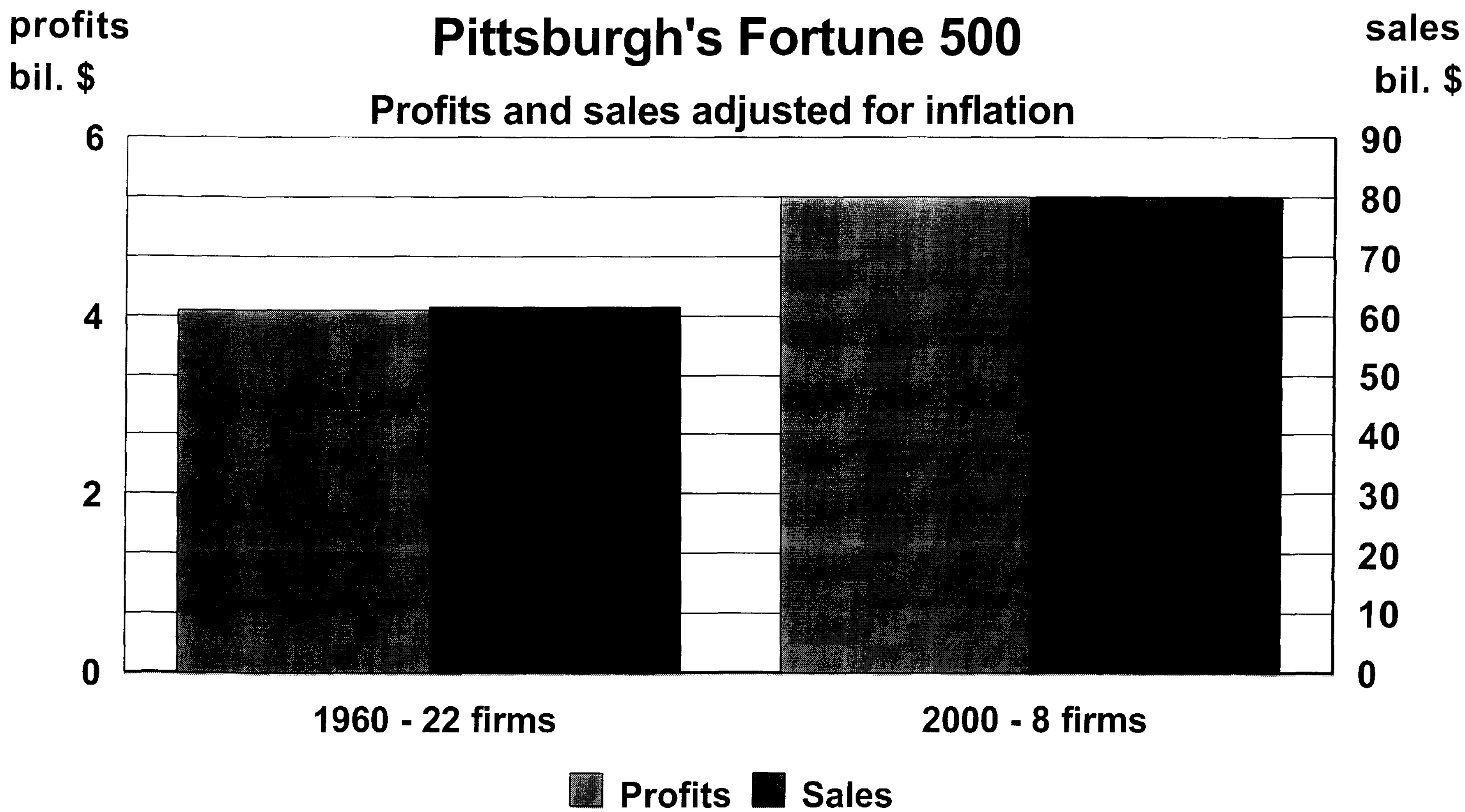
"For many years, Pittsburgh was home to the third-largest concentration of Fortune 500 headquarters in the country, after New York and Chicago."

As evidence of economic decline, they then document the many corporations that have left, gone out of business or been absorbed.

- In fact, reporters never bother to count corporate headquarters by their region, only by their mailing address, e.g., Cambridge, MA is not considered part of Boston.
- When you count the corporate headquarters that exist within economic regions, Pittsburgh's ranking looks far less impressive, and more realistic, through the years.
- However, according to Fortune Magazine, Pittsburgh's Fortune 500 headquarters fell from 22 in 1960 to 11 in 1970, rose to 15 in 1980, then fell to 12 in 1990 and 8 in 2000,

but . . .

. . . Pittsburgh's eight Fortune 500 companies had higher levels of revenues and profits (after adjusting for inflation) last year than did the 22 Fortune 500 firms existing in 1960.



Summary:

- Pittsburgh's economy suffered a severe shock amid the 1982-83 national economic recession when many steel mills closed their gates for good.

- Prior to that event, Pittsburgh experienced its highest levels of employment and income in 1979 with 913,200 jobs and $21,517 per capita income (in year 1998 $).

- However, the region had taken steps decades earlier that helped to soften the blow.

- By 1990, Pittsburgh had regained its1979 employment level and benefited from an economy that was no longer highly sensitive to national recessions.

Summary (continued):

- Pittsburgh's economy has grown in 15 of the past 17 years. In 2000, there were 1,126,100 jobs — 147,700 more jobs than in 1988, the earliest year with directly comparable data.

- In 1998, Pittsburgh's per capita income was $28,149 (in year 1998 $) — $6,632 more in real terms for every Pittsburgher than in 1979.

- Despite losing population and adjusting for inflation, the total personal income in the Pittsburgh economy has gained more than $10 billion — growing from $55.5 billion in 1979 to $66.0 billion in 1998.

- Pittsburgh also benefits from more than $1.2 billion in corporate profits from its eight Fortune 500 companies in 2000 compared to its 22 firms in 1960.

Summary (continued):

To suggest, as QED does, that:

"Pittsburgh's decline [sic] over the last forty years ... has fundamentally (and permanently) altered the ability of the city and its surrounding areas to support both WQED and WQEX"

ignores economic reality.

Summary (continued):

The reality is that:

Population loss does not equate with economic decline; regions experience economic growth when unemployment rates fall and per capita incomes rise. Since 1983, Pittsburgh has experienced both of these trends, plus a significant increase in total employment. Pittsburgh's economy is larger and healthier than at any time in the post-WW II period.

Pittsburgh's economy has grown slowly (the operative word being "grown"). In no way, can Pittsburgh's economy be portrayed as in decline, setting aside the temporary cyclical effects of the 1990-91 national recession and the current national recession.

Furthermore, since the 1980 and 1981-82 recessions, the response of Pittsburgh's regional economy to national recessions is less severe. This effect is referred to as cyclical sensitivity by economists. Pittsburgh's economic dependence on the steel industry caused it to be highly sensitive to national business cycles with unemployment rates rising farther and faster than national rates, and with job losses cutting deeper and lasting longer. Today, Pittsburgh's economy exhibits less, not greater, cyclical sensitivity than other metropolitan regions.

In short, the Pittsburgh economy is far healthier, more robust and wields more resources now than during the past 50 years.

Paul R. Flora

6952 Meade Street
Pittsburgh, PA 15208
(412) 361-3870
florapr@bellatlantic.net

EDUCATION:

Master of Arts in Economics
University of Pittsburgh, August 1994

Master of Urban and Regional Planning
Virginia Polytechnic Institute & State University, December 1983

Bachelor of Arts in Economics
College of William and Mary, May 1979

EXPERIENCE:

University of Pittsburgh
Instructor: **Urban Skills Seminar**, University of Pittsburgh, 2000, 2001
Consumer Economics, University of Pittsburgh, 2000
Business Economics, University of Pittsburgh, 1999, 2000

Journal of Economic Literature (American Economic Association)
Editorial Assistant: June 2001 to present

Regional Planning & Economic Analysis Consultant: July 1999 to present
Clients: Campos Research, Institute of Politics, Sustainable Pittsburgh

Pittsburgh Post-Gazette
Associate Editor, member of Editorial Board: December 1997 to June 1999
Staff Writer: May 1997 to December 1997

PNC Bank Corp.
Assistant Vice President and Regional Economist: July 1988 to May 1997

Richmond Regional Planning District Commission
Senior Planner I: January 1983 to July 1985

Romarc Computer Company
Director of Development: August 1981 to August 1982

City of Radford, VA
Economic Development Coordinator: October 1980 to February 1981

Research/Teaching Assistantships
U of Pitt, University Center for Social & Urban Research, January 1986 to June 1988
U of Pitt, Economics Department, September to December 1985
VPI & SU, Planning Department, September to December 1980

Planning Internships
New River Valley Planning District Commission, Radford, VA, March to July 1981
Town of Blacksburg, VA, June to September 1980
City of Elgin, IL, May to August 1979

VOLUNTEER ACTIVITIES: Served on advisory committees of the League of Women Voters, the Southwestern Pennsylvania Regional Planning Commission, the Allegheny Policy Council, the Southwestern Pennsylvania Growth Alliance, Allegheny County 2001, and the University Center for Social and Urban Research at the University of Pittsburgh.

And served as Treasurer, First Unitarian Church of Pittsburgh; Chairperson, Treasurer and grant writer, North Point Breeze Planning and Development Corporation; Board, Conservation Consultants, Inc.; Board, Citizens League of Southwestern Pennsylvania; Church Board and Commission Chair, Monroeville Church of the Brethren; Church Board and Commission Chair, West Richmond Church of the Brethren.

PUBLICATIONS:

Authored

"**We Can Build Better Suburbs**," Sunday Forum in Pittsburgh Post-Gazette, (June 11, 2000).

"**Prosperity, Fueled by Rising Productivity, Shows No Signs of Waning**," PG Benchmarks in Pittsburgh Post-Gazette, (April 9, 2000)

"**2000 May Rock, Economic Party's on Tap**," PG Benchmarks in Pittsburgh Post-Gazette, (May 2, 1999)

"**Exploring the Paradoxes of Metro Pittsburgh's Economy**," PG Benchmarks in Pittsburgh Post-Gazette, (May 2, 1999)

"**On the Bus, And Blue**," an oped in Pittsburgh Post-Gazette, (April 21, 1999).

"**Pennsylvania Makes the Grade**," Sunday Forum in Pittsburgh Post-Gazette, (March 21, 1999).

"**If It Feels Good, Fudge It**," Sunday Forum in Pittsburgh Post-Gazette, (July 19, 1998).

"**These *Are* the Good Old Days**," Sunday Forum in Pittsburgh Post-Gazette, (May 31, 1998).

"**Economists Agree on Job Growth**," PG Benchmarks in Pittsburgh Post-Gazette, (May 17, 1998)

"**Biggest Factor Locally: The National Economy**," PG Benchmarks in Pittsburgh Post-Gazette, (May 17, 1998)

"**Three Ways to Gauge the Health of a Regional Economy**," PG Benchmarks in Pittsburgh Post-Gazette, (May 17, 1998)

"**Miami and Minneapolis: Similar in Job Growth Only**," PG Benchmarks in Pittsburgh Post-Gazette, (May 17, 1998)

"**Plenty of Projects**," Sunday election issue in Pittsburgh Post-Gazette, (October 26, 1997).

"**Show Us How the Money Works**," an oped in Pittsburgh Post-Gazette, (September 19, 1997).

"**Building the Region a Half Cent at a Time**," Sunday front page news in Pittsburgh Post-Gazette, (September 14, 1997).

"**A Light on Deregulation**," an oped in Pittsburgh Post-Gazette, (August 27, 1997).

"**Clarion's Call to Vote on Sales Tax Unintended**," front page news in Pittsburgh Post-Gazette, (June 20, 1997).

Regional Economic Update, (PNC Bank Corp., 1988 through 1997).

The Role of Manufacturing in the Economic Future of the Pittsburgh Region, an unpublished paper, (Pittsburgh, PA, October 1994).

"**Recession in Pittsburgh: 1990s Style**," chapter II in Bangs and Singh (eds.), The State of the Region Report, (University Center for Social and Urban Research, March 1992), pp. 5-15.

"**Make Room for Daddy**," an oped in Pittsburgh Post-Gazette, (October 9, 1991).

Retail Trade Activity in the Richmond Region: 1977-1982, (Richmond Regional Planning District Commission, July 1985).

A Labor Market Analysis for Charles City County, (Richmond Regional Planning District Commission, June 1985).

"**A Comparison of Energy Self-Reliance and Industrial Development as an Economic Development Strategy**," in Proceedings, Community Energy Management as an Economic Development Strategy, (Lincoln, NB: October 16, 1984), pp. 339-349.

A Comparison of Industrial Development and Energy Self-Reliance Using an Input-Output Model, an unpublished masters thesis, (Blacksburg, VA, January 1984).

PUBLICATIONS: (cont.)

Co-authored

with Stuart G. Hoffman, "**One Percent Sales Tax is a Civilized Option for our Region**," an oped in Pittsburgh Post-Gazette. (January, 1994).

with Stuart G. Hoffman, "**Contrasts in Regional Economic Structure and Performance: Cleveland, Philadelphia, and Pittsburgh**," chapter III in Bangs and Singh (eds.), The State of the Region, (University Center for Social and Urban Research, September 1989), pp. 23-45.

with Kevin F. Byrnes, "**Small Area Industrial Employment: An Estimation Method and Regional Planning Applications**," in Papers and Proceedings of Applied Geography Conferences, Volume 6, 1983, (Toronto, Ontario: October 1983), pp. 208-218.

with Rebecca L. Mushtare, **A Residential Energy Plan for the Town of Blacksburg**, (New River Valley Planning District Commission, May 1981).

CERTIFICATE OF SERVICE

I hereby certify that on this 18th day of December, 2001, copies of the foregoing **COMMENTS OF CITIZENS FOR INDEPENDENT PUBLIC BROADCASTING AND ALLIANCE FOR PROGRESSIVE ACTION IN OPPOSITION TO WQED's DERESERVATION PETITION;** MM Docket No. 01-276, were sent via messenger to the following:

Magalie Roman Salas (Original + 4 Copies)
Office of the Secretary
Federal Communications Commission
445 12th Street, N.W.
TW-A325
Washington, DC 20554

Steven A. Lerman, Esq.
Leventhal, Senter & Lerman PLLC
2000 K Street, N.W.
Suite 600
Washington, DC 20006
(Counsel for WQED Pittsburgh)

Sonja L. Sykes-Minor